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December 28, 2017

Transmitted via Email and Certified Mail

SCANA Corporation
Attention: President
220 Operation Way
Columbia, South Carolina 29033

Dear Sir,

Please accept this letter in response to Jim Stuckey's letter of December 22, 2017, which was SCE&G's response to Santee Cooper's December 15, 2017 letter. Your December 22 letter further sets forth SCE&G's position on immediate abandonment of the VC Summer Units 2 and 3 nuclear construction project, and lists thirteen significant items that SCE&G states must be resolved "expeditiously" for SCE&G to accomplish that abandonment. While we agree that many of the issues raised in your letter must be addressed by both SCE&G and Santee Cooper, these cannot be addressed under a December 31 deadline without Santee Cooper and its customers assuming significant risk. In the alternative, we suggest that our companies collectively address the factors you raise in a deliberative manner, after the first of the year, as suggested below.

At the outset, the initial paragraph of SCE&G's December 22 letter mischaracterizes Santee Cooper's position on the Design and Construction Agreement (DCA) by stating that Santee Cooper's December 15 letter agreed to the DCA's mutual termination. This is incorrect. Santee Cooper only offered to mutually terminate the Project, not the underlying DCA, which provides for a necessary and orderly shutdown process pursuant to Prudent Utility Practice. We stated then, and continue to believe now, that the DCA cannot be terminated "[u]ntil replaced by a more formal document" that will address the issues set forth in your letter, as well as others that have not yet been raised.

With respect to the list of items that SCE&G alleges must be resolved "expeditiously," Santee Cooper cannot immediately respond with prudent decisions as envisioned by the DCA. Many of the issues broadly discussed in the letter raise significant economic and policy choices that must be analyzed by Santee Cooper management, based on more detailed and current information upon which SCE&G has based its actions, to ensure that decisions made are in the best interests of our customers. In addition, some of these issues will require discussion and approval by Santee Cooper's Board of Directors. Santee Cooper realizes SCE&G wishes to abandon the Project by December 31, 2017 for federal tax purposes because, as your letter states, this "is in the best interest of SCE&G's customers." Santee Cooper, too, must act in the best interest of its customers and thus, at this time, is not in a position to assume the significant unknown risks and potential liabilities as proposed in your letter. Such a course of action is not the orderly shutdown process required by the DCA and would not amount to Prudent Utility Practice as it imperils Santee Cooper's customers.

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Santee Cooper will be glad to expeditiously engage in discussions with SCE&G to develop a replacement agreement for the DCA, and we propose that our negotiating teams meet early in 2018 to develop such an agreement. In response to your inquiry whether Santee Cooper will execute an agreement for the orderly transfer of property or rights to the extent permitted by law, although your inquiry set forth no terms or conditions associated with a transfer, we are willing to discuss such a transfer. Any agreement to that effect would need to address the concerns outlined in my letter dated December 4, 2017.

In the interim, any actions taken by SCE&G to accomplish an abandonment should be considered unilateral and without the consent of Santee Cooper, and may result in economic loss for Santee Cooper customers and stakeholders.

Sincerely yours,



J. Michael Baxley

cc: Jim O. Stuckey, Esquire, General Counsel